

## INTRODUCTION: Source and Availability of the Balance in the Account of the U.S. Treasury

The Department of Treasury's (Treasury's) operating cash is maintained in accounts with the Federal Reserve Banks (FRBs) and branches, as well as in tax and loan accounts in other financial institutions. Major information sources include FRBs, Treasury Regional Financial Centers, Internal Revenue Service Centers, Bureau of the Public Debt and various electronic systems. As the FRB accounts are depleted, funds are called in (with drawn) from thousands of tax and loan accounts at financial institutions throughout the country.

Under authority of Public Law 95-147 (codified at 31 United States Code 323), Treasury implemented a program on November 2, 1978, to invest a portion of its operating cash in obligations of depositaries maintaining tax and loan accounts. Under the Treasury tax and loan (TT&L) investment program, depositary financial institutions select the manner in which they will participate. Financial institutions wishing to retain funds deposited into their tax and loan accounts in inter-

est-bearing obligations can participate. The program permits Treasury to collect funds through financial institutions and to leave the funds in TT&L depositaries and in the financial communities in which they arise until Treasury needs the funds for its operations. In this way, Treasury is able to neutralize the effect of its fluctuating operations on TT&L financial institution reserves and on the economy. Likewise, those institutions wishing to remit the funds to the Treasury account at FRBs do so as collector depositaries.

Deposits to tax and loan accounts occur as customers of financial institutions deposit tax payments, which the financial institutions use to purchase Government securities. In most cases, this involves a transfer of funds from a customer's account to the tax and loan account in the same financial institution. Also, Treasury can direct the FRBs to invest excess funds in tax and loan accounts directly from the Treasury account at the FRBs.

**TABLE UST-1.—Elements of Change in Federal Reserve and Tax and Loan Note Account Balances**

[In millions of dollars. Source: Financial Management Service]

Fiscal year or month	Credits and with draws				
	Federal Reserve accounts			Tax and loan note accounts	
	Credits <sup>1</sup>		Withdrawals <sup>2</sup>	Taxes <sup>3</sup>	Withdrawals (transfers to Federal Reserve accounts) (5)
	Received directly (1)	Received through collector depositaries (2)			
1996 .....	4,366,413	194,156	4,561,495	629,083	621,887
1997 .....	4,263,210	191,134	4,454,345	775,799	776,394
1998 .....	4,238,957	259,197	4,500,895	969,668	971,671
1999 .....	4,893,279	259,019	5,150,608	1,048,120	1,032,230
2000 .....	4,921,490	253,060	5,172,731	1,189,835	1,195,453
1999 - Dec.....	459,798	29,680	466,101	134,558	80,688
2000 - Jan.....	417,210	19,554	459,047	95,482	93,793
Feb .....	429,393	18,612	449,120	87,679	127,337
Mar .....	498,369	22,969	521,985	114,557	91,103
Apr.....	484,630	21,079	494,199	103,024	66,748
May.....	443,369	19,902	473,694	90,790	149,837
June.....	400,829	24,136	424,203	114,290	80,702
July .....	300,458	19,529	320,803	88,465	111,033
Aug .....	385,320	20,049	404,800	86,804	108,247
Sept.....	358,343	21,567	377,412	114,239	77,258
Oct.....	345,471	23,028	371,598	90,496	130,050
Nov .....	391,392	23,201	415,670	92,324	89,915
Dec .....	360,311	37,075	396,619	148,829	139,964

See foot notes at end of table.

**TABLE UST-1.—Elements of Change in Federal Reserve  
and Tax and Loan Note Account Balances, con.**

[In millions of dollars. Source: Financial Management Service]

Fiscal year or month	Balances							
	End of period		During period					
			High		Low		Average	
	Federal Reserve (6)	Tax and loan note accounts (7)	Federal Reserve (8)	Tax and loan note accounts (9)	Federal Reserve (10)	Tax and loan note accounts (11)	Federal Reserve (12)	Tax and loan note accounts (13)
1996.....	7,700	36,525	15,668	40,647	2,490	-	5,847	14,194
1997.....	7,692	35,930	52,215	38,811	3,145	874	6,836	17,957
1998.....	4,952	33,926	41,801	61,150	3,407	414	6,249	22,856
1999.....	6,641	49,817	10,305	65,585	3,777	100	5,645	20,562
2000.....	8,459	44,199	29,444	82,705	3,372	45	6,320	30,829
1999 - Dec.....	28,402	54,925	28,402	82,705	3,372	45	8,250	39,016
2000 - Jan.....	6,119	56,615	28,402	67,332	3,716	24,911	8,148	52,495
Feb.....	5,004	16,958	5,866	54,155	4,239	481	5,268	24,597
Mar.....	4,357	40,413	7,611	65,592	4,357	6,200	5,344	14,148
Apr.....	15,868	92,557	29,444	105,593	4,357	21,839	6,396	48,357
May.....	5,445	23,087	25,635	97,979	3,428	23,087	7,060	64,520
June.....	6,208	51,299	13,668	76,650	3,387	227	6,232	37,036
July.....	5,392	28,661	6,208	52,749	4,267	27,439	5,172	37,435
Aug.....	5,961	7,218	6,262	24,165	3,943	1,958	5,047	9,466
Sept.....	8,459	44,199	11,392	54,308	3,717	853	6,695	21,950
Oct.....	5,360	4,646	8,459	44,199	4,207	426	6,338	13,246
Nov.....	4,382	7,055	6,228	32,813	4,231	860	5,093	10,621
Dec.....	5,149	15,920	10,984	30,535	3,872	2,609	5,758	11,603

<sup>1</sup> Represents transfers from tax and loan note accounts, proceeds from sales of securities other than Government account securities and taxes.

<sup>2</sup> Represents checks paid, wire transfer payments, drawdown on letters of credit, redemptions of securities other than Government account securities and in vestment (transfer) of excess funds out of this account to the tax and loan note accounts.

<sup>3</sup> Taxes eligible for credit consist of those deposited by taxpayers in the tax and loan depositories as follows: Withheld income taxes beginning March 1948; taxes on employers

and employees under the Federal Insurance Contributions Act beginning January 1950 and under the Railroad Retirement Tax Act beginning July 1951; a number of excise taxes beginning July 1953; estimated corporation income taxes beginning April 1967; all corporation income taxes due on or after March 15, 1968; Federal Unemployment Tax Act taxes beginning April 1970 and in individual estimated income taxes beginning October 1988.